GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:346
ANSWERED ON:03.02.2017
Demonetisation Effect on Financial Markets
Maadam Smt. Poonamben Hematbhai

Will the Minister of FINANCE be pleased to state:

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 346
TO BE ANSWERED ON FEBRUARY 3, 2017 / MAGHA 14, 1938 (SAKA)
"DEMONETISATION EFFECT ON FINANCIAL MARKETS"

346: SHRIMATI POONAMBEN MAADAM

Will the Minister of FINANCE be pleased to state:

(a) whether the Government move to demonetize high value currency infuse more formal savings into the financial markets instead of dead assets, if so, the details thereof;
(b) whether the demonetization drive has given a boost to the Government''s financial inclusion drive thereby pushing more households towards efficient banking and payment infrastructure, if so, the details thereof; and
(c) whether the Government has communicated to SEBI to prepare for a higher role in the months to come as the size of India''s capital market is set to expand significantly?

Answer

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)
(a) The data for premiums collected by the Life/ Non-Life insurers for Nov/ Dec 2015 and 2016 indicates that there is no adverse impact on Life insurance new business, which has posted growth of 18% in Dec 2016 over Dec 2015. Similarly, the Non-Life premiums have grown by 25.5% in Dec 2016 over Dec 2015. The year to date premium figures for three quarters up to Dec 2016 for both Life and Non-Life insurers also indicate a growing trend. New business premiums of Life insurers have grown 36% and Non-Life premiums have witnessed a surge of 31% in Dec 2016 (upto third quarter) over Dec 2015.
The trends in Mutual Fund Investment during the period August 2016 to December 2016 are as follows:

Trend of Investment in Mutual Funds since August 2016 to December 2016

Month Gross Inflow during the month (Rs. In Crore) Net Inflow during the month (Rs. In Crore) Asset Under management (AUM) as on the end of the month (Rs. In Crore) Month on Month increase/ (decrease) (%)
Aug-2016 14,30,717 25,333 15,63,177 2.97
Sept-2016 13,92,626 16,071 15,80,076 1.08
Oct-2016 13,60,994 32,334 16,28,976 3.09
Nov-2016 13,99,419 36,020 16,50,011 1.29
Dec- 2016 14,14,031 10,924 16,46,337 -0.22

(b) The data on payment system indicators such as Paper Clearing, Retail Electronic Clearing (primarily NEFT and IMPS) , UPI, USSD, Card Transactions at POS, PPI in December, 2016 indicates the following trend(details in Annexure);-

â€¢ Paper Clearing, Retail Electronic Clearing (primarily NEFT and IMPS)-considerable growth in December, 2016 as compared to October and November, 2016

â€¢ UPI, USSD- considerable growth in November and December, 2016 as compared to October, 2016

â€¢ Card transactions at POS- considerable growth in November and December, 2016 as compared to October

â€¢ PPI- considerable growth in December, 2016 as compared to October and November, 2016

(c) No specific directions have been communicated to SEBI by the Government. However, SEBI and Government, together, are very well prepared and equipped to perform any challenging role in the times to come, as we have adopted and put in place best systems and practices to regulate and develop India''s Securities market.